

Community Development Block Grant (CDBG) 101

The Community Development Block Grant Program (CDBG) is authorized under Title I of the Housing and Community Development Act of 1974, as amended. It grew out of consolidation of eight categorical programs under which communities competed nationally for funds. Those programs were: Open Space, Urban Renewal, Neighborhood Development Program Grants, Historic Preservation Grants, Model Cities Supplemental Grants, public facilities loans, neighborhood facilities grants and water and sewer grants. Its primary objective is the development of viable urban communities by providing decent housing, a suitable living environment (community facilities and public infrastructure) and expanded economic opportunities principally for persons of low and moderate income.

Program Requirements. Projects must: 1) be identified as a CDBG eligible activity, 2) meet a CDBG national objective (area benefit, limited clientele, housing activity, job creation/retention, and/or elimination of slum and blight or urgent need); and 3) be expended for low to moderate-income benefit. There is an annual administrative cap of 20% and a public service cap of 15%. 4) Environmental review records must be completed prior to contracting for the CDBG funds.

Other Federal Requirements. Other federal requirements include: fair housing and equal opportunity, handicapped accessibility, employment and contracting, environmental review, flood insurance, lead-based paint, labor standards, no funds to debarred suspended and ineligible contractors and sub-recipients, conflict-of-interest and relocation. There are additional requirements related to program income, timeliness of expenditure of CDBG funds (1.5 ratio), and performance measures.

Local Requirements. Local requirements include: 1) community facility projects require the agency to secure the property for the term of the loan (2 - 15 years depending on amount of funding) and 2) change of use restrictions.

CDBG Consortium Fund Distribution. CDBG capital funds are distributed based on the 2012-2014 Interlocal Cooperation Agreement.

- Annual funds available include the formula entitlement grant entitlement plus program income funds;
- 5% of the annual funds available are reserved for the Housing Stability Program;
- 25% of the funds available are reserved for the consortium-wide Housing Repair Program;
- A reduction is made off the top for the repayment of the Greenbridge Section 108 loan through August of 2021.
- The remaining funds are distributed to human service and capital projects through a formula based on each sub-region's share of the Consortium's low-and moderate-income population. Currently the distribution is 41.29% to the North and East sub-region and 58.71% for the South sub-region.

Joint Agreement City CDBG funds flow directly through to each joint agreement city less 10% to cover program administration, 2% for capital project implementation, 5% of the human services for the Housing Stability Program and 25% of their share of capital funds for the Housing Repair Program. The current Joint Agreement Cities are Redmond, Renton and Shoreline.

Joint agreement city staff conduct the RFP process for their allocation of capital funds, however, all capital projects are contracted for by Housing and Community Development Program (HCD) staff and implementation of these activities is completed by HCD staff.

Other CDBG considerations. 1) Federal funds are historically not available for reimbursement until *May* each year. Contracts are entered into as soon as an approved Grant Agreement is executed but the start date for the contract can begin as early as January 1 of the program year, or completion of the environmental review records whichever occurs latest. 2) \$1 of CDBG funds into a non-housing capital project brings the added responsibility of Davis Bacon wage rates, and it applies to the entire project, not just to the portion CDBG is funding (for a housing capital project the threshold is 8 units). This is an important consideration in awarding funds, as implementation and monitoring for labor standards compliance is very staff intensive.

The existing policies for the capital distribution process have resulted in the selection of fewer, larger projects, which means less burdensome internal administrative tracking as well as improved timeliness of expenditure of funds.

Allocation priorities regarding capital funds by each sub-region are adopted at the beginning of the year.

CDBG Non-Housing Capital Funding Timeline

Jan/Feb, 2013	HCD staff meet with sub-regions meet as a group to discuss overall consortium items, and separately, if necessary, to discuss each region's priorities for the forthcoming year for presentation to the JRC
March 8, 2013	Pre-Applications Available on Web and upon request
March/April 2013	NOFA Capital Workshops and one on one consultation by HCD Staff - <i>Announced as scheduled – See Web Link</i>
April 5, 2013	Pre-Applications Due (Required to be eligible to submit an application)
April 12, 2013	Applications available on web
April/May	Technical Assistance Workshops for Capital applications and one on one consultation - <i>Announced as scheduled</i>
May 31, 2013	Applications due to King County HCD c/o King County Procurement and Contract Services
June 1 – June 8	Technical Screening – only proposals determined to be eligible will move forward to the next level of evaluation.

June - July 2013	Review Process (Applicants may be contacted during this time for additional information). Conduct Project Site Tours. Evaluation Team completes application evaluation process.
August 9, 2013	Public Forum – Applicant presentations to Recommendations Work Group at a meeting site to be announced.
August 12 - Sept. 6	Sub-Regions Advisory Group(s) meet Re award recommendations;
Sept. 9 - Sept. 13	Recommendation Packet drafted for presentation to JRC
September 26, 2013	JRC adopts/modify recommendations
November 2013	Applicants are notified of awards
January 1, 2013	New program year begins

Awards are conditional until King County receives its Grant Agreement from HUD and until any concerns or conditions set forth during the application review process have been resolved to King County's satisfaction.

Evaluation Process:

- 1) HCD Community Development Section staff screen applications for technical completeness and eligibility/national objective.
- 2) Evaluation team completes a site tour of the projects - (applicants are not contacted or questioned during this tour).
- 3) Letters are sent to applicants to address questions raised in initial screening and tour process.
- 4) Evaluation tools are completed for every project application by each evaluation team member.
- 5) Public Forum is held and the opportunity is given for each applicant to present its proposal to HCD staff, the JRC and the Sub-Region Advisory Groups. Direct question and answer occurs for each project, including questions raised during evaluation.
- 6) Evaluation team scores are compiled internally and applications are placed in ranking order.
- 7) HCD staff presents their analysis and preliminary funding recommendations to Sub-Region Advisory Groups.
- 8) HCD staff and Sub-Region Advisory Group recommendations are made to the Joint Recommendations Committee.
- 9) JRC reviews, discusses and adopts or modifies recommendations.
- 10) The draft Annual Action Plan is prepared for 30 day public comment period commencing on October 15th.